

4 FAH-2 H-200 CHECK STOCK, SIGNATURE DIE, INTERNAL CONTROLS AND FILE MANAGEMENTS

4 FAH-2 H-210 REQUISITIONING, RECEIVING, AND CONTROLLING CHECK STOCK, AND SIGNATURE DIE

(TL:DOH-1; 06-13-2001)

4 FAH-2 H-211 INTRODUCTION

(TL:DOH-1; 06-13-2001)

This section prescribes the procedures to be used by the U.S. disbursing officer (USDO) for requisitioning, receiving, and controlling check stock used to disburse funds from the Treasury and foreign local currency bank accounts.

4 FAH-2 H-212 USE OF CHECKS

(TL:DOH-1; 06-13-2001)

Checks are used to pay obligations of the Department of State and other serviced agencies and to purchase U.S. dollars or foreign currency for disbursing purposes. USDO checks are drawn on the Treasury's general account or on a foreign designated depository that is funded by the USDO.

4 FAH-2 H-213 REQUISITIONING CHECK STOCK

(TL:DOH-1; 06-13-2001)

a. Check stock management includes the determination of check stock on hand, usually stated in number of weeks worth. The USDO should know the lead time necessary to replenish check stock. Based on procurement time and the weekly usage, a reorder date should be established for each check stock. Before ordering check stock, the USDO should assess the impact of initiatives such as remote check printing and local currency electronic funds transfer (EFT) payments.

b. U.S. Dollar Check Stock.

(1) Blank Treasury checks measure 3-1/4 inches wide and 7-3/8 inches long (after bursting and separation of check assemblies) and are printed on 28-lb. paper. The paper used for Treasury checks has a distinct watermark pattern (consisting of both "shaded" and "wire") manufactured in the paper. This pattern is continuous with "U.S. TREASURY" repeated randomly. The watermark design "right reads" from both front and back of the check. The color of the check is multihued, ranging from light blue to pale peach, featuring the Statue of Liberty boldly engraved on the left side of the check and faintly reproduced in the middle of the check. (TFM 4-5020.10)

(2) U.S. dollar check stock is ordered once a year by the Office of International Financial Services (FMP/F/IFS). A FMP/F/IFS staff member contacts each USDO in March to identify U.S. dollar check stock requirements for the next twelve months. To determine the check stock required:

(a) Calculate the number of U.S. dollar checks issued in the past twelve months.

(b) Add the requirements for any new posts. (Calculate the monthly usage rate and multiply by 12.)

(c) Deduct the requirements of those posts transferred to another financial service center (FSC) for disbursing. (Calculate the monthly usage rate for the post(s) and multiply that rate by the months for which the posts will not be serviced in the next twelve months.)

(d) Add or deduct initiatives which may effect the number of checks to be issued in the next twelve months, such as remote check printing and electronic funds transfer (EFT) payments. (Under the Debt Collection Improvement Act of 1996, federal agencies are required to increase the use of U.S. dollar EFT payments, thus reducing the number of checks issued.)

(e) Total the amounts calculated above to obtain the estimated annual usage amount.

(f) Deduct the check stock inventory on hand at the time of the new check stock order from the annual usage amount.

(g) The balance is the number of Treasury checks that should be ordered.

(3) In the event of unforeseen developments indicating the need for an additional supply of blank checks before the next check shipment is expected, the USDO promptly forwards a supplemental estimate of the additional requirements prepared in the same manner as the annual estimate.

c. Local Currency Check Stock

(1) The most commonly used check stock is tractor-fed and preprinted. Some check stock is generic; that is, the same check stock can be used for more than one bank. Other check stock is produced by the bank or the printer designated by that bank, and no other check stock can be used for the bank. Some countries require checks that the bank provides in bound booklets to be prepared manually.

(2) Monthly requirements, quantity discounts, procurement lead time, and safety levels determine the quantity and frequency of orders. However, the quantity ordered should not exceed a one-year requirement. If the bank is being considered for rebid, the potential outcome of the rebid process should be factored into the check ordering methodology. The procurement source for local currency check stock usually falls into two categories.

(a) Ordered directly from the bank or a printer identified by the bank. When the bank controls the check stock and requires the USDO to buy directly from the bank or from the bank's printer, there is no choice. When the reorder point is reached, compute the optimum quantity, add a two-week safety factor, and place the order. If there is no quantity incentive and there is no anticipated change in the use of checks, order a six-month supply. The USDO should document and retain the calculation of the quantity to buy. (See 4 FAH-2 H-235 for record retention period.) The cost of these checks is charged to the FSC allotment.

(b) Ordered from a printer of the USDO's choice. This is usually the preferred method as it provides an opportunity to obtain the best price and quality combination. Hopefully, most of the check stock can be obtained from the same printer, which should simplify the ordering process. If a new printer is selected, proofs should be obtained for inspection and approval by the USDO and the bank. This normally adds two or more weeks to the procurement time.

4 FAH-2 H-214 RECEIPT OF CHECK STOCK

4 FAH-2 H-214.1 U.S. Dollar Check Stock

(TL:DOH-1; 06-13-2001)

a. Treasury checks shipped in response of the post annual request are forwarded by registered parcel post. FMP/F/IFS notifies the USDO of the shipment date.

b. Upon receipt of a shipment of checks, the USDO compares the markings on the unopened packages with the notice of shipment. If no discrepancies are discovered, the receipt coupon provided with the notice is signed and returned to FMP/F/IFS. Any discrepancy noted is reported immediately to FMP/F/IFS.

c. The USDO and one of the check Stock custodians must promptly open and verify packages received. After verification, the package is closed, resealed, and the inclusive check numbers of the checks found in the package are indicated on the outside of the package over the signatures of the USDO and the custodian. Any discrepancies in the check serial numbers (or USDO agency location code [ALC] symbol) disclosed by the verification are reported immediately to FMP/F/IFS who will advise the USDO of the disposition of the imperfect checks.

d. The USDO must notify FMP/F/IFS within 10 days of receipt of the checks. Any discrepancies in the check stock order must be noted so replacement checks can be reordered within the 30-day timeframe allotted by Treasury.

4 FAH-2 H-214.2 Local Currency Check Stock

(TL:DOH-1; 06-13-2001)

a. The USDO and one of the check stock custodians must promptly open and verify packages received. After verification, the package is closed, resealed, and the inclusive check numbers found in the package are indicated on the outside of the package over the signatures of the USDO and the custodian. Any discrepancies in the check serial numbers, checking account symbol, or USDO information disclosed by the verification are reported immediately to the vendor.

b. Any discrepancies found during the verification must be resolved immediately with the vendor (printer) and a notation made in the check stock inventory book.

4 FAH-2 H-214.3 Recording of Check Stock

(TL:DOH-1; 06-13-2001)

a. A record of the receipt of check stock is retained in the procurement file to complete the procurement documentation and to be used in the check stock reconciliation. The USDO transfers the check stock to the check stock custodian.

b. Upon receipt, the check stock custodian enters the numbers of the new stock in the manual log in the vault and/or in the automated accounting system.

4 FAH-2 H-215 CUSTODY AND CONTROL OF CHECK STOCK

4 FAH-2 H-215.1 Custody of Check Stock Inventory

(TL:DOH-1; 06-13-2001)

a. The USDO is responsible for the protection against loss or theft of blank checks. The check stock custodian cannot perform a check-printing, voucher auditing, accounting, or certifying function.

b. All check stock is stored in a vault. The vault should be climate controlled and meet the security requirements stated in 1-TFM-4-5030.10. The vault combination should be stored in a sealed envelope in the safe of the internal systems security officer, or locally designated holder of safe combinations.

c. Only the check stock custodian and alternate should have access to the vault.

d. Blank checks must be stored in sealed packages until needed for use. Since checks are used in numerical sequence, only one package should be opened at a time.

e. Blank checks are withdrawn from stock only by the check stock custodian or an alternate.

4 FAH-2 H-215.2 Control of Check Stock Inventory

(TL:DOH-1; 06-13-2001)

a. The USDO must maintain a perpetual inventory record of blank checks which reflect at all times the quantity (including serial numbers) of checks in stock in sealed packages, and the quantity and serial numbers of unwrapped checks on hand.

b. The check stock custodian is entrusted with the management and control of the check stock inventory. The check stock custodian does not have to be a disbursing employee, but:

(1) Must be a direct-hire employee, except at Charleston financial service center (CFSC) where special authority has been given to allow contract employees to serve as check stock custodians.

(2) Must be available to receive check stock as it arrives at the FSC and to provide check stock for printing during the daily payment process.

(3) Is responsible for maintaining the check stock perpetual inventory record which reflects the quantity (including serial numbers) of checks in stock in sealed packages, and the quantity and serial numbers of unwrapped checks on hand. The accounting system records should be configured in such a manner that only the check stock custodian and the alternate have system access to the check stock accountable records in the automated disbursing system.

c. The disbursing officer should conduct unannounced inventories of blank check stock at irregular intervals.

d. Quarterly, the USDO performs a physical check stock inventory reconciliation and submits a written report to the FSC director. The check stock inventory is a three-step procedure.

(1) The USDO obtains the check stock inventory per the accountable records from the check stock custodian.

(2) The USDO inventories the check stock and reviews the check stock custodian manual log. The USDO should also verify that only authorized personnel O reconciles the inventory to the accountable records. Discrepancies must be resolved immediately. Any unresolved differences are immediately reported to the FSC director.

e. Any check stock on hand that has become obsolete due to the closing of bank accounts or for other reasons must be destroyed by shredding by the USDO or their designee in the presence of 2 witnesses. The USDO and witnesses sign the inventory list and memo of destruction, confirming destruction of the shredded checks. Note: Any Treasury check stock on-hand that was obtained for the new system's USDO symbol should not be destroyed. This check stock should be inventoried and reconciled on the quarterly report to the director.

f. If at any time after its receipt and initial storage, a package of checks is found to have a broken seal, the contents indicated on the wrapper must be promptly verified by the USDO and one of the check stock custodians. Any shortage discovered shall be handled as an irregularity. After verification, the package must be closed and resealed until an investigation is completed. The inclusive numbers of the enclosed checks must be indicated on the package above the signatures of the USDO and the custodian. All boxes that were opened to verify contents when they originally arrived should be resealed and initialed by the USDO.

g. Any shortage, theft, or misuse of blank checks discovered at any time must be promptly reported to FMP/F/IFS.

h. Upon a change of USDO, or upon the assumption of responsibility by the assistant USDO for a period expected to exceed one month, the two officers shall jointly verify the blank stock inventory record.

4 FAH-2 H-216 USDO SIGNATURE DIE AND SIGNATURE STAMPS

(TL:DOH-1; 06-13-2001)

Before issuing any checks, a newly designated USDO must obtain a USDO signature die. It is important that manual signatures on checks show a reasonably uniform agreement with the standard signatures filed with FMP/F/IFS. If the USDO elects to change the form of their signature, or if a change should occur as a natural development over a period of time, new specimen signatures should be submitted.

4 FAH-2 H-216.1 Purchasing and Controlling Signature Die and Signature Stamps

(TL:DOH-1; 06-13-2001)

a. The traditional USDO signature die is a facsimile of the USDO signature constructed in the form of a die that fits into the mechanical check signing machines. Signature stamps may also be purchased to replicate the machine die for signing of smaller numbers or emergency checks. They may be purchased locally or through FMP/F/IFS.

(1) If the signature die is purchased through FMP/F/IFS, the incoming USDO must forward specimens of their manual signature to FMP/F/IFS on the appropriate forms as required by the vendor.

(2) If signature dies or stamps are purchased locally, documentation must be sent to FMP/F/IFS noting the number of signature dies and stamps purchased. An imprint of the signature from the die and stamp must also be sent to FMP/F/IFS.

b. The signature die must be removed from the machine after use.

(1) The USDO is personally liable for checks bearing their signature and must designate in writing those authorized to use their signature die or signature stamps. Because of the pecuniary risks associated with the USDO signature die, the die must be safeguarded at all times and must be signed in and out when being used. When the USDO signature die is not being used in the check signing process, it should be stored in a combination safe with the same consideration given to confidential material. The USDO signature die is the sole responsibility of the USDO. In the absence of the USDO, the assistant USDO assumes the possession and responsibility for the signature die until the return of the USDO. Failure to properly safeguard the signature die will be considered as negligence.

(2) The discovery of any theft, lost or misuse of facsimile signature plates or stamps must be promptly reported to FMP/F/IFS.

4 FAH-2 H-216.2 Destroying Signature Dies and Signature Stamps

(TL:DOH-1; 06-13-2001)

a. Upon destruction, a Certificate of Destruction (See 4 FAH-2 Exhibit H-216) must be prepared. The certificate must be signed by two U.S. citizen Government employees, other than the USDO or assistant USDO, who witnessed the destruction. An impression of the signature die and stamps (if any) must be made on the certificate prior to destruction. The original of the certificate shall be sent to FMP/F/IFS. One copy of the certificate must be retained in the files of the USDO.

b. Signature die plates and stamps that are withdrawn from service and are not to be used again must be destroyed. The recommended methods of destruction include:

- (1) Grinding the signature off by using a grinding wheel.
- (2) Pouring rubber solvent on the signature of the die.
- (3) Cutting or slicing the signature off the die with a razor blade or knife and then burning or cutting the signature into smaller pieces.
- (4) Removing the four screws from the die plate and cutting the combination rubber and/or brass die plate into smaller pieces. The destruction shall be sufficient to ensure that the die cannot be used for producing signatures. All signature dies and stamps, after being mutilated, shall be disposed of as waste matter.

4 FAH-2 H-217 THROUGH H-219 UNASSIGNED

4 FAH-2 H-216 Exhibit H-216
CERTIFICATION OF DESTRUCTION

(TL:DOH-1; 06-13-2001)

**CERTIFICATION OF DESTRUCTION
OF USDO SIGNATURE DIE**

Date _____

FSC Location _____

Disbursing Office Symbol _____

Beginning Serial No. *(no. of first check signed)* _____

Ending Serial No. *(no. of last check signed)* _____

Name of Check Custodian _____

Method of Destruction _____

Name of Disbursing Officer _____

Impression of Signature Die _____

Witnesses

_____ Typed Name (1)	_____ Typed Name (2)	_____ Typed Name (3)
_____ Signature (1)	_____ Signature (2)	_____ Signature (3)